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ISSN 1181-6465

Legislative Assembly  
of Ontario  
Second Session, 38<sup>th</sup> Parliament

Assemblée législative  
de l'Ontario  
Deuxième session, 38<sup>e</sup> législature

## **Official Report of Debates (Hansard)**

**Tuesday 29 May 2007**

## **Journal des débats (Hansard)**

**Mardi 29 mai 2007**

**Standing committee on  
estimates**

Ministry of Public  
Infrastructure Renewal

**Comité permanent des  
budgets des dépenses**

Ministère du Renouvellement  
de l'infrastructure publique

Chair: Tim Hudak  
Clerk: Katch Koch

Président : Tim Hudak  
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Telephone 416-325-7400; fax 416-325-7430  
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation  
Salle 500, aile ouest, Édifice du Parlement  
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Téléphone, 416-325-7400; télécopieur, 416-325-7430  
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON ESTIMATES

## COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Tuesday 29 May 2007

Mardi 29 mai 2007

*The committee met at 1604 in room 228.*

### MINISTRY OF PUBLIC INFRASTRUCTURE RENEWAL

**The Vice-Chair (Mr. Garfield Dunlop):** We're proceeding. Go ahead.

**Hon. David Caplan (Minister of Public Infrastructure Renewal, Deputy Government House Leader):** Mr. Tabuns asked for information on provisions in the event of bankruptcy of Plenary Health during the contract for North Bay Regional Health Centre. The project agreement has been made available. LEED certification penalties for the same project: Mr. Tabuns asked for further information on the basis of the calculation of financial penalties if Plenary Health failed to achieve LEED—which is Leadership in Energy and Environmental Design—certification within two years. The project agreement has been made available to Mr. Tabuns. Further, if they're able to sell its contract, whether the public sector is able to reject a purchaser that they do not have confidence in: I again note that the project agreement has been tabled with the clerk.

Mr. Runciman, the member from Leeds–Grenville, asked for information on the status of the eastern regional OPP office located in the Rideau Regional Centre near Smiths Falls in view of the pending closure of the facility. The answer is that the OPP detachment will remain in the area after the closing of the Rideau centre, at a location yet to be determined.

Mr. Runciman asked for further information on the setting of the margins or win rates for slot machines in Ontario—whether these rates have been adjusted over the past few years to make it more difficult for people to win in Ontario. The answer is that OLG provides information about payouts on its website under “Media Advisory Fact Sheets.” As directed by Ontario’s gaming regulator, the AGCO—the Alcohol and Gaming Commission of Ontario—the minimum payout for slot machines in OLG gaming facilities must be set at 85% or higher. The higher the payout, the more money is returned to the customer. OLG determines the payout for all machines, ensuring that it is not less than 85% and whether a particular machine will pay out more than 85%. For example, some may pay out between 85.1% and 99.9%. AGCO ensures that the machines indeed do pay out the amount OLG says they are set at. OLG and AGCO are

able to track the payout through the use of a computer program stored in each machine. The payout is based on the long term, and the pay amounts set for individual machines often vary according to denominations and type of machine. AGCO also ensures that all games of chance are conducted in the public interest, with honesty and integrity and financial responsibility. Games of chance must, of course, be conducted fairly.

Payouts in Ontario are comparable to other jurisdictions in Canada. The determination of the slot payout amount varies according to many factors, such as the type of machine, the amount of activity of the machine, the location of the machine or even the type of denomination. In all cases, the decision to lower to 85% or to go to any amount higher than 85% is a proprietary business decision by the gaming facility operator.

Finally, Mr. Runciman asked for information on funding to school boards on specific projects to upgrade public education in schools within the riding of Leeds–Grenville. I'm advised that that request should be made directly to the Ministry of Education, as it is provided through them and through their purview.

**The Vice-Chair:** Thank you very much, Minister, and welcome again today. We should be able to clean up your ministry today. To begin with, we'll start with the government members. They have a 20-minute rotation.

**Mr. Bob Delaney (Mississauga West):** Welcome back, Minister. As the minister is well aware, I come from a very fast-growing area: the city of Mississauga and the region of Peel. What I really wanted to discuss with you are some of PIR's strategies and ideas with regard to growth. As the minister is very well aware, among the issues that we grapple with in the 905 belt, particularly related to growth, is that just when we think we've executed what we thought at the outset was a very ambitious strategy both at the city level and certainly at the provincial level, we find that the strong growth in our area, in our part of the greater Toronto area, has just simply moved the yardsticks a little bit further.

At a number of the events I've attended at which the minister has been present, he has described a number of strategies for growth especially applicable to the GTA. I know our mayor, Hazel McCallion, has strongly supported many of the minister's ideas.

I'd like to focus on one thing in particular. Recently we held a growth summit here in Toronto. I'm wondering whether the minister could provide the committee with

an overview of what the summit entailed, why it was necessary and some of the highlights of it.

1610

**Hon. Mr. Caplan:** I'm also joined by Assistant Deputy Minister Brad Graham. Of course, I was remiss; I should have introduced Deputy Minister Carol Layton, who is to my left. And I want to thank you, Mr. Delaney, for the question.

The Places to Grow summit brought together an unprecedented number of municipal elected officials, many of whom are newly elected and unfamiliar with the growth plan, along with senior municipal staff from all over the greater Golden Horseshoe; leaders from a range of fields, including planning and urban design, economic development, the business sector, environmental groups, the development industry, agricultural organizations, academics, experts from the transportation sector; and, of course, provincial and federal government officials were there as well. This came about in a number of ways. In fact, Markham Mayor Frank Scarpitti approached me and suggested that we should bring all of the players together for a conversation, because we've come up with what's been internationally recognized as a very good plan. The hard part now is, how do we implement the plan? So we held a number of different sessions. We were fortunate indeed to have the president and CEO of the smart growth institute in the United States, former Governor of Maryland Parris Glendening, as our keynote speaker in the morning, and we were really thrilled to be joined by the Premier, who provided some very inspirational words and direction and vision for us, in the afternoon.

We held sessions about the role of Infrastructure Ontario and infrastructure investment; rural versus urban issues; how you develop transit-supportive communities. Many of these kinds of areas were explored by the participants. We had a forum and a panel of some of the mayors and some of the different municipal leaders. I believe Mayor Farbridge from Guelph, Mayor Scarpitti and Regional Chair Ken Seiling sat on that panel to talk from their perspective about some of the issues they had. I of course did have a chance to sit with Hazel McCallion through lunch and through some of the presentations as well. And we were joined by Mayor Fennell from Brampton, I would say to my colleague from Brampton. So Peel was very well represented.

I would say that the real highlight for me, though, was a project that began under our ministry. I'm going to ask ADM Graham to talk to you about the youth project, which was, I think, the real highlight of the day.

**Mr. Brad Graham:** Thank you, Minister. The youth engagement project—well, first of all, it came out of the idea that, as the minister said, it's one thing to come up with a growth plan and have policies, but to actually have it implemented, it has to have certain acceptance by those who are implementing it, including—and primarily—municipal leadership. But the public also has to become engaged and informed on a new way of developing an urban design. Critical to that was engaging youth in this exercise.

Several months ago we started a pilot project—unimaginatively called, at this point, the youth engagement strategy—where we brought together 48 youth aged 16 to 18 from across the region, from eight urban growth centres, places like Mississauga, Barrie, Oshawa and Markham, and set them forward with a number of tasks, which they actually developed in a chat room environment, an environment which they're quite comfortable with. We basically asked them questions like, "What do you like about your downtowns? What don't you like about your downtowns?" and gave them some research and parameters. Then we brought them together in three live sessions. It was quite exciting to see kids take a look at the problems and challenges we face in urban design and development and almost cast aside past prejudices and ideas and really take a look forward into the future. It manifests itself in the physical design of eight foam, if you will, 3-D downtown areas. That was also presented at the summit, and I must say it has been received quite favourably by local mayors. At some point—and I don't mean to make light of this, but some mayors were actually looking at it longingly and preferred the youths' design of their downtowns compared to that of their planning departments and the millions of dollars they paid consultants. So it's been a very successful project to have 48 youth involved and become quite excited over about a six- to eight-week period and to actually develop something that's quite worthwhile for ourselves as we move forward with the implementation of the plan, but also for local leadership. Each one of the groups of kids will have, if they haven't had already, the opportunity to present their plan to the mayors, and believe me, the mayors are quite excited about it.

Now that we know that this formula, if you will, works, it's something that we're looking to extend into the new year in a multiplier effect, and to spread this kind of discussion out, because the youth of today are the home builders and buyers of tomorrow. As we know, a lot of social change and ideas really take hold in youth, and certainly if we're looking to affect public attitudes and behaviours, that's a very worthwhile place to start.

**Hon. Mr. Caplan:** If I could just add one more thing, David Crombie was our master of ceremonies and did an incredible job. It was very interesting at the very end of the conference, some nine hours from the beginning. We had 400 participants, and quite a number of them stayed right to the bitter end, so to speak. What came through quite clearly, either in comments orally or through written feedback from the participants, was that we should have subsequent sessions and opportunities, perhaps located in Mississauga or in Markham or in Brampton or in Waterloo region, to bring together these folks and many others who would have liked to be there, and to continue to work on: What are the next steps? What are the benchmarks that we develop to indicate success?

Quite clearly, from the feedback from the participants, they gained a great deal out of it and would like us to continue.

**Mr. Delaney:** Thank you. Anyone who has ever taught can share your experience with the energy and

enthusiasm that some of our youth bring to the table. I can remember in my own teaching at Ryerson before I was elected that I would very frequently bring in people I knew from different branches of industry to evaluate what were supposed to be full dress rehearsal business plans for the various subjects that I was teaching in any given semester, and inevitably, when I debriefed my guests, they would all say to me, on the phone or in private, “Boy, that’s a heck of a lot better than the stuff that we actually see, that we pay serious coin for.” So I very much share your experience in that.

In the software world, where I worked before, when one was designing a piece of computer software or web-based software, you were always looking at what type of behaviour you were trying to do with your software, what type of task you were trying to accomplish. Sometimes—and this probably has a parallel in some of the work that we’re doing with planning for growth and of course the seminal Places to Grow document—our major task was trying to figure out what were the things we could measure that would indicate whether or not the task was being accomplished. In planning for growth, we’re trying to reward certain things, such as brownfield redevelopment and preserving our green spaces and so on. What are some of the tasks that you undertook in approaching the issue of managing growth, and by what metrics or benchmarks could you establish whether or not you were making progress or meeting targets?

**Hon. Mr. Caplan:** That’s a really good question. Maybe I’ll ask Brad to lead off this time, and I’ll fill in anything else.

1620

**Mr. Graham:** Sure. Thank you very much for the question. In terms of metrics, the growth plan certainly has explicit targets. I think the natural tendency for everyone is to reduce the growth plan down to some of the simple numeric targets that we have—which are very important, by the way. The one that seems to get the most airplay is the requirement by the year 2014 that 40% of new residential units will be built on already existing urban lands; or, for example, the densities we require for urban growth centres, and there are 25 urban growth centres ranging from 150 jobs and people per hectare to 400 jobs and people per hectare in more mature urban areas; or, for example, our greenfield target, which requires a higher density of 50 jobs and people per hectare in greenfield development. Those metrics and targets and explicit benchmarks are extremely important to get the kind of form that we’re looking for.

Indeed, one of the things we heard from the summit and leaders from around North America is that while many of the growth plans that are developed around North America and indeed the world are similar in intent to the growth plan, they really look at the growth plan as the first plan that legislatively requires explicit targets and benchmarks when it comes to intensification. Really, the targets themselves are not an end by any means, if you will. They are a metric to measure the kind of urban form that we’re looking for. It really is the look and feel

of downtowns and the downtown designs and the critical mass of people and jobs. That’s what we’re really after. But in order to achieve that, you need, if you will, a little bit more blunt and simple targets that are enforced. For example, one of the things that Parris Glendening was mentioning at the summit is that it’s one thing to have density, but if you don’t have appropriate design, I think in his words it’s “disaster.” It’s very easy mathematically to put up four condos in isolation of the urban fabric around them, but you really can have higher density, then large condo developments, in mixed-use, multi-storey, blended into the neighbourhood, and it really is attractive and appealing.

Oftentimes when people hear the words “intensification” or “density,” it’s a very scary concept and certainly that has fuelled a lot of the NIMBYism that we have seen not just here but elsewhere. But when you show people renderings and designs about how it can actually revitalize communities and it isn’t just about towers of people and it is about mixed use and vibrant communities, where people can actually walk somewhere—it’s one thing to design your streets, for example, and your pedestrian walkways so that they can accommodate walking, but unless people have somewhere to walk to, it’s an irrelevant exercise.

But while the plan does include specific metrics, it really is about the form. As we evolve, to your point, some of the metrics we’d like to develop a bit more are: How walkable are communities? What are the job-resident ratios and things like that? How can we measure the satisfaction of community and the quality of life, basically? Those are some metrics that are being developed around the world that we’re very interested in, coming up with a kind of composite index, much like you’d see the CPI, which measures a whole bunch of factors that come together to make a good community. At the end of the day, those are good metrics, but we really do need those strong benchmarks and targets in the plan that are a prerequisite, if you will, to get that kind of critical mass of urban design and development.

**Hon. Mr. Caplan:** Also, taking a look at some of the work—quite renowned—of Richard Florida here at the University of Toronto, and some of the liveability measures that he has come up with, there’s certainly, in the United States, a new urbanism movement which has developed, and we want to borrow from that. We were very fortunate—Kaid Benfield, from the United States, was talking about a very interesting concept that he called public sector sprawl, and in fact had quite a bit of agreement from the development industry about where you place your public sector institutions—schools, hospitals, courthouses, all of the institutional kinds of usages—to make sure they’re fully integrated and that we’re not inadvertently sprawling out using some of the different kinds of ways.

So we’re trying to—this is very new for us—rethink. We’re currently engaged in a couple of projects right now with our partners across the municipalities, the environmental NGOs and the business community. One

is the identification of key provincially significant employment lands. Another is, what is the actual delineation of the built boundary? You would think it would be a rather simple thing, but it does vary from municipality—even upper and lower tier—to municipality. We want to have a consistent measure. We also need to develop the urban growth centres. If you look at the Places to Grow map, it's a rather macro scale with a dot, so to speak, in Oakville midtown. What is the actual boundary of that and what will that look like in Oshawa or in Brampton or in some of the different communities?

We're working with our municipal partners and the other ones as well to do some of this baseline work and we'll use it as some foundational pieces. There are a couple of other benchmarks and benchmarking exercises that we are working on with them as well—what would provide reasonable measures, as Assistant Deputy Minister Graham outlined.

**Mr. Delaney:** Thank you. I believe my colleague Ms. Mitchell has a question as well.

**The Vice-Chair:** We have about three minutes left.

**Mrs. Carol Mitchell (Huron–Bruce):** Thank you, Chair.

I know that there has been a lot of excitement in the northern communities, a lot of conversation about the new growth plan up in the north. I know that as you work your way through the previously announced growth plan, the members from the north and the municipalities are anxious to see their growth plan go forward. So I wanted to give you the opportunity to speak specifically to this growth plan and how it will benefit the north.

**Hon. Mr. Caplan:** We undertook, of course, the greater Golden Horseshoe growth plan, where we have intense development pressures. Northern Ontario will be quite a different scenario for us, where they are seeing significant youth out-migration, and have over a long period of time. They have a resource-based economy and are very subject to some of the economic peaks and valleys based upon some of those industries.

About 10 days ago, our colleagues Minister Bartolucci and Minister Ramsay were in Sudbury and Thunder Bay respectively and advised the communities of northern Ontario of our intent for our next growth plan area to be northern Ontario.

Some of the responses have been incredible. Anne Krassilowsky, the mayor of Dryden, who is the president of NOMA, the Northwestern Ontario Municipal Association, says, "This is the answer to what we've been trying to formulate with NOMA and the common voice and the partnership that we brought to the table. This," referring to the northern growth plan, "is the perfect key."

We had the chambers of commerce up north incredibly supportive. I'll just quote to you from Steve Kidd from the Northeastern Ontario Chamber of Commerce. I understand that the north is not one monolith; there are significant differences between northeast and northwest and in the far north as well. From Steve Kidd, the president of the NOCC: The northern growth plan

"represents an important milestone for the future of northern Ontario's economic success. The Northeastern Ontario Chamber of Commerce has been actively calling on the government to bring the Places to Grow initiative north. Having a plan for growth is critical to the enhancement and indeed, transformation of some sectors of our economy moving forward. I commend Minister Bartolucci and his northern caucus for their success in drawing the government's attention to the north with such a meaningful and aggressive initiative. The NOCC looks forward to working with Ministers Caplan and Bartolucci to develop this economic blueprint for the north."

What we'll be doing is forming a unique minister's table, led by Minister Bartolucci and northern development and mines, which is not only a minister's table but has a parallel OPS, the coordinating effect of getting different ministries to work together to deal with many of the issues in northern Ontario, building capacity in education and post-secondary.

We'll certainly have to connect with and engage our First Nations people, because much of the land, of course, is their land and we will want to work with them and understand what their aspirations are. We'll want to deal with the economic land use and certainly some of the infrastructure challenges that they're identifying.

These are all of the elements, and I am incredibly excited about engaging northern leaders and northern residents in understanding their aspirations and developing a blueprint that this government and future governments can begin to implement. I think that, as in the words of the Premier that I saw in the Thunder Bay Chronicle today, there is hope for northern Ontario. That is, I truly believe, contained within the northern growth plan. I hope that we'll have another opportunity—perhaps the next questioner will want to ask a little bit more about the northern growth plan. I think this will be a date that people will look back on in many years, if not decades, to come—some of the outstanding work that has been so meaningful to the people of Ontario, but in particular northern Ontario.

**The Vice-Chair:** Thanks very much, Minister. That covers the—

**Hon. Mr. Caplan:** Mr. Chair, before Mr. Hudak's turn, could I—I went to a buffet earlier today, and it's really kind of affecting me. Before I—

**Mr. Hudak:** Blame the buffet.

**Hon. Mr. Caplan:** I don't want to do that, but could I just have a very brief recess?

**The Vice-Chair:** Yes, we can. We do have agreement that when we come back Mr. Hudak can change places with Mr. Tabuns. He has an appointment. Are you in agreement with that?

**Hon. Mr. Caplan:** That's up to the committee members, but I—

**The Vice-Chair:** We've got agreement. Okay, so we're recessed for five minutes. We do want to clean up here before—

**Hon. Mr. Caplan:** If we can. I apologize.

*The committee recessed from 1631 to 1638.*

**The Vice-Chair:** We'll now go to the third party, and they can start their rotation.

**Mr. Peter Tabuns (Toronto–Danforth):** Minister, my understanding is that your ministry's best forecast for water and waste water investments that will be needed over the next 15 years is \$34 billion. Is that correct?

**Hon. Mr. Caplan:** That was a figure the expert water panel came up with. I believe it was broken down as \$25 billion directly and \$9 billion for remedial work. I have Bill Hughes here from the ministry. Our estimate over about a 20-year period, the horizon we're looking at, is somewhere between \$40 billion to \$50 billion. That's what we're projecting.

**Mr. Tabuns:** So the 15-year figure from the Water-tight report is a figure you accept, but you're saying there is a larger figure for a longer time period.

**Hon. Mr. Caplan:** Yes. I think I just answered that.

**Mr. Bill Hughes:** If I could add, it's probably a little low, because it doesn't include stormwater, for example, and there's some combined sewer and overflow investment that will be needed that we couldn't model. It's a conservative estimate of what actually will be needed.

**Mr. Tabuns:** Can you tell me how much was allocated for water and waste water investments in this year's budget?

**Hon. Mr. Caplan:** How much in this year's budget? I'm going to look to Bill for that specifically.

**Mr. Hughes:** I believe it was \$140 million, but I will check.

**Hon. Mr. Caplan:** That's direct. Then we have programs like COMRIF, the rural infrastructure investment initiative, as well.

**Ms. Carol Layton:** OSIFA.

**Hon. Mr. Caplan:** That's right; OSIFA as well.

**Hon. Mr. Caplan:** For COMRIF, federal and provincial governments committed almost \$380 million to help 60 small and rural municipalities upgrade their water and waste water systems; on the rural infrastructure investment initiatives, 53 municipalities and \$56 million to upgrade their water and waste water systems; under the Ontario Strategic Infrastructure Financing Authority program, \$1.2 billion in long-term financing for water and waste water systems. And directly this year, Bill?

**Mr. Hughes:** It's 140 for municipal water infrastructure and 155 total.

**Hon. Mr. Caplan:** A total of 155 directly in the provincial budget—

**Mr. Tabuns:** One hundred fifty-five million?

**Hon. Mr. Caplan:** Yes, and then the other ones as well that I had mentioned earlier, Mr. Tabuns.

**Mr. Tabuns:** Right. Can you break down for me how much was allocated in this year's budget toward supply or source of water infrastructure, then the water treatment infrastructure and then water storage and pump stations? Why don't we start at the top with supply or source of water infrastructure.

**Mr. Hughes:** That's probably the only one of those that I can answer easily. For source water protection for 2007-08 it's about \$6.3 million. For last year it was about

\$8.4 million. That's in 2006-07 for source protection. Sorry; about \$9.4 million in 2006-07 and about—sorry, I'm just reading my micro font here. Let me correct the record: For 2006-07 it's about \$27 million, and for 2007-08, \$6.3 million.

**Mr. Tabuns:** Okay. Water treatment infrastructure.

**Mr. Hughes:** Water treatment: I can't give you that exactly because it's parsed into a large number of programs. The programs may fund water treatment; they may fund—as the minister was saying, there is COMRIF; there's RIII. They may fund water treatment; they may fund water distribution systems; they may fund waste water treatment; they may fund waste water collection systems.

**Hon. Mr. Caplan:** What we can do is endeavour to follow up with the committee and see if we can provide a better breakout following up on the member's question.

**Mr. Tabuns:** If that's the case, then I'll just restate the categories.

**Hon. Mr. Caplan:** If you want the numbers cut up in different ways, we'll try to do our best.

**Mr. Tabuns:** I do, and I appreciate the offer. The first would be the supply or source of water infrastructure, the intake pipes—what it takes for a city or town to get water in its raw state to a treatment plant—then water treatment infrastructure, then water storage and pump stations infrastructure and then distribution and trunk mains infrastructure.

**Hon. Mr. Caplan:** We'll do our best on those categories. I don't know if we keep it specifically, but through the various programs we'll endeavour to follow up with the committee.

**Mr. Tabuns:** Given the way that your budget books set things up, could you take those numbers and tell us what they will be, what the planned on-book budget investments are in each of these four areas over the next two years, the next three years and the next four years?

**Hon. Mr. Caplan:** That's rather difficult to do. We can tell some of the province's own, but you would be familiar—the federal government has developed what is called the Building Canada fund; they've set up an \$8.6-billion fund. Ontario is currently negotiating its share. I don't imagine that all of it will go to water, but a significant portion will. It will be difficult for us, but we'll do our best to provide a forecast to the greatest ability possible.

**Mr. Tabuns:** Can you tell at this point how much of the overall water structure investments will be made from OSIFA loans?

**Hon. Mr. Caplan:** I think we have that tracked at \$1.2 billion.

**Mr. Hughes:** That's correct; it's about \$1.2 billion.

**Mr. Tabuns:** In total.

**Mr. Hughes:** Yes.

**Hon. Mr. Caplan:** So far.

**Mr. Tabuns:** Sorry, Minister, when you say “so far,” that's what has been allocated to date?

**Hon. Mr. Caplan:** The way that works is that municipalities—you're talking specifically about water, but

just in general, OSIFA has been expanded to universities, as well as non-profit long-term care homes, and also for use by municipalities for other kinds of infrastructure. It could be recreation, roads, bridges; it could be other municipal infrastructures.

Municipalities approach Infrastructure Ontario and say, “We would like to get some of this work going and would identify what the projects are”—or universities etc. Then OSIFA will go and do a bond issue and gather in the money and then do the individual disbursements. So it’s a little hard to forecast what municipalities are going to identify for us to provide long-term financing. They’ll have to tell us first.

**Mr. Tabuns:** Yes. So it’s been \$1.2 billion up to date, but it’s unclear as to what the demand will be in the next while.

**Hon. Mr. Caplan:** Your earlier question of what do we forecast, the overall water needs—and they are substantial investment needs, so I don’t see any signs that that’s going to somehow magically not be realized. OSIFA will be a part of an investment strategy to be able to go ahead and allow municipalities to do the work on their systems, but only a part. Part will come from the province, part will come from rates from users, part will come from joint federal-provincial-municipal cost shares, so there will be a number of ways and means. Different municipalities will have different abilities.

In the city of Toronto, as I’m sure you’re quite familiar, you’re across some three million people or whatever number of water users there are, so you can cross-subsidize. But in a very small town or rural community there is not the kind of size that would allow them to have as full an investment regime and practice. That’s where the province will need to come in to support the communities through the different ways and means and their abilities to fund the much-needed programs.

**Mr. Tabuns:** The Watertight report noted an \$18-billion investment gap in the period 2005 to 2019 for water and waste water infrastructure. That’s about \$1.3 billion a year. Do you, in your ministry, agree that that gap is a real gap, an issue that has to be addressed, and do you agree on the scale of the gap?

**Hon. Mr. Caplan:** As I said, they came up with \$34 billion over a 15-year period, and we projected—as ADM Hughes says, we think the numbers may even be a little bit conservative. We do think there has been significant underinvestment historically and a need for more investment in this sector. We do agree.

**Mr. Tabuns:** Fair enough. Do you think there is an investment gap that is looming for the province?

**Hon. Mr. Caplan:** I’ll let Bill take a crack at it, but my answer would be yes.

1650

**Mr. Hughes:** I would agree with that. We’re very familiar with the analytical work underlying the Watertight report. I would say that the estimate is credible. If anything, as I said earlier, it’s conservative, and the actual need is more.

**Mr. Tabuns:** So given that, what’s your plan to close the gap?

**Hon. Mr. Caplan:** As Dr. Swain and Mr. Lazar and Mr. Pine indicate in their report, there are a number of things that they believe need to happen: a reorganization of the water system itself; a pricing structure to be able to support not only the operational but the capital and financing costs, which are substantial; and the third is a regulatory environment with an economic regulator to ensure that the monies that are collected are spent or, as we would say, ring-fenced in that area, as well as the proper oversight and due diligence that would need to happen. As the authors indicate in their report, those are the types of reforms, in their opinion, which need to happen to get the water systems in general into a state where the kind of sustained investment will effectively be met.

We are currently having conversations with our partners at the Association of Municipalities of Ontario related to the recommendations that Dr. Swain and his colleagues made. I should say that there may not be complete agreement about the prescription that they have, and hence we’re having the conversation with our colleagues across the province on how we can move forward with some of these kinds of reforms and get the level of investment that is going to be necessary in the short, medium and long term.

**Mr. Tabuns:** I think there was a staff commentary.

**Hon. Mr. Caplan:** I’ll let Mr. Hughes—

**Mr. Hughes:** I’ll just add a couple of things. First of all, one of the things that the Watertight report recommended that the government has moved on is the establishment of business corporations. Under the municipal business corporation regulation, the government has given municipalities the option—they don’t have to, but they have the option—to establish wholly municipally owned municipal water and/or waste water corporations to deliver water and waste water services. That was certainly a key recommendation of the Watertight report. That’s one thing that has been achieved so far, in addition to the conversations that the minister was talking about.

The other thing that’s happened is that municipalities which have the primary responsibility for water and waste water systems have become more aware of the need, partly as a result, I’m sure, of the educative effect of the Watertight report. If you look at investment levels, which we’ve done, in water systems for the last number of years—we’ve gone back at least 15 years—for about a 10-year period up to the early part of this century municipal investment in water systems was averaging around \$1 billion a year, and it’s moved up quite sharply since then. The latest data I have is for 2005. As recently as 2002 it was less than \$1 billion, and by 2005 it was just under \$1.9 billion. So municipalities themselves have recognized the need to increase investment. It’s not enough yet. You’re quite right: There still remains a gap, but there is some response happening on the part of the municipal sector.

**Hon. Mr. Caplan:** I would add one other thing: Municipalities are also identifying, as the expert panel indicated, the need for co-operation between municipal-

ities. For example, in the London area, you have the regional water servicing consortium of Huron, Elgin, Middlesex and London in a super-regional; in Essex county, it's Windsor, Tecumseh and I know they're trying to get Lakeshore as well; in eastern Ontario, the city of Ottawa is working with the town of Russell and a number of the other partners there in some of the capacity that they have to be able to provide the services but also the level of investment, because when they act in concert, it's much less expensive than if they all acted individually for the kind of investment in their water systems. So there are a number of areas where they're naturally coming together, and that's very helpful as well as far as getting the kind of investment.

As well, we are quite actively, as I mentioned earlier, engaged with our federal colleagues in working to access the Building Canada fund. I expect that a substantial portion of those dollars will be used to meet the water needs in Ontario's municipalities.

**Mr. Tabuns:** So just going back, then, from what you're all saying, it looks like the Watertight report and most of its main recommendations are actually moving forward. Is that a correct understanding?

**Hon. Mr. Caplan:** I wouldn't go that far. I would say that much of the direction that the expert panel provides is moving forward, some of it naturally, but we are in conversation with our colleague partners in the municipalities—because they are municipal systems, after all—on how we can move this forward. They've identified themselves that these are critical areas of investment. Some are moving forward; others still are part of that conversation on an economic regulator, on the kind of reorganization that needs to take place, on the pricing structures, on those kinds of things. But some elements are moving forward and we're very encouraged by that.

**The Vice-Chair:** You have about one minute for a quick question and comment.

**Mr. Tabuns:** Do you see that investment gap closing, or is this still an issue that has to be resolved?

**Hon. Mr. Caplan:** I would say potentially yes. I don't think we're quite there yet. I think all members of this assembly and, certainly of this committee, should be aware that this is something that is not only pent up but it is upon us. I think people have recognized the need to act. But I wouldn't want to declare that we are where we need to be, because I don't believe that is the case.

**The Vice-Chair:** Thanks very much, Minister and Mr. Tabuns. I'd like to turn it over now to the official opposition.

**Mr. Tim Hudak (Erie-Lincoln):** Thank you to my colleagues on the committee for allowing the change with Mr. Tabuns. I had to step out for a moment.

Minister, as you'll recall, we were discussing estimates, specifically vote item 4001-01, agencies division, operating, and the org chart on page 11 of the estimates binder.

**Hon. Mr. Caplan:** I'm going to ask ADM Barretto to please join me here.

**Mr. Hudak:** Terrific. ADM Barretto, it's good to see you again.

**Ms. Joyce Barretto:** Thanks. Nice to see you.

**Mr. Hudak:** The minister discussed last time that the initial reaction of yourself and the McGuinty government seemed to be, when they got wind of The Fifth Estate's program on October 25, 2006, to go into a defensive mode and to support the lottery and gaming corporation. The Ombudsman in fact, at number 99 on page 26 of the report, says, "The Minister of Public Infrastructure Renewal defended the corporation in the question period that afternoon, referring to the corporation's significant internal controls." Point 100 says, "The minister praised the corporation, noting 'Ontario has proven itself among the best jurisdictions in lottery security due to the commitment and effort of OLG.'"

As I said, I did give you credit for calling in and asking for the review in the letter that you wrote to Mr. Gough at the time. But the Ombudsman seems to support the contention that the initial reaction was to go into defence mode and to say that the OLG was up to snuff, which is at odds with the findings of the Ombudsman in his report.

**Hon. Mr. Caplan:** Is that a question, or is that simply a comment?

**Mr. Hudak:** No, it's simply a comment.

**Hon. Mr. Caplan:** Well, I disagree with the comments, Mr. Chair.

**Mr. Hudak:** Chair, they were comments from the Ombudsman specifically.

When you look, then, at number 109, the Ombudsman says, "Even before The Fifth Estate program was broadcast, the corporation had been scrambling to dispute this hypothesis"—referring to the CBC contention, through its mathematician, that players who sell lottery tickets had a larger-than-expected number of wins.

On page 31, number 115 of the Ombudsman's report said, "The corporation also looked to a market research firm to verify its theory that retailers play more than the general public"—again contesting the points made by CBC. "The firm's survey of 380 retailers was conducted on October 23 and 24"—so even before the CBC show aired, I guess in anticipation of answers for the minister in question period the next day, that could be expected.

Minister, are you aware of what market research firm was hired by the OLGC at this point in time?

**Hon. Mr. Caplan:** I believe CBC, The Fifth Estate broadcast—it was Decima Research.

**Mr. Hudak:** Decima Research.

**Hon. Mr. Caplan:** I believe that's correct.

1700

**Mr. Hudak:** Liberal campaign chair and former chief of staff to the Premier, Don Guy—is he from Decima Research, or am I misremembering?

**Hon. Mr. Caplan:** I don't believe so.

**Mr. Hudak:** Is he from Pollara then?

**Hon. Mr. Caplan:** I think so, yes.

**Mr. Hudak:** I thought he had a connection with Decima; I could be wrong.

The OLG had asked Decima to do that research for them. Had they run that by you or your office?

**Hon. Mr. Caplan:** No.

**Mr. Hudak:** Ms. Barretto, had they run that by the ministry?

**Ms. Barretto:** They had not.

**Mr. Hudak:** They just went out ahead and did that on their own?

**Ms. Barretto:** They did that on their own.

**Mr. Hudak:** Were there any civil servants, aside from lottery and gaming corporation employees, engaged in meetings about the findings of Decima?

**Ms. Barretto:** No, there were not.

**Mr. Hudak:** Nobody from the minister's office was involved, Minister?

**Hon. Mr. Caplan:** No.

**Mr. Hudak:** The results were not presented to the minister's—

**Hon. Mr. Caplan:** No. In fact, I disagree certainly with the characterization that Mr. Hudak raised. When the matter was brought to my attention following the transcript of The Fifth Estate program with the spokesman from OLG, my reaction was, "Is this true? Can you confirm or refute the findings of a higher rate that they allege?" The OLG stance was that Professor Rosenthal was, in fact, incorrect in his findings. As the Ombudsman points out in section 111 of his report—sorry, not in 111, but in his report; I don't have the exact page highlighted—the Ombudsman took on his own researcher to look at the numbers that Professor Rosenthal did, and in fact Mr. Marin's researcher came to a different conclusion.

*Interjection.*

**Hon. Mr. Caplan:** It is number 124. I'm very ably assisted. The expert made a number of recommendations that a baseline ought to be kept by OLG so that they could measure against whatever the win rates should be upon the statistical analysis. In fact, OLG itself, aside from Decima Research, I believe, took on four outside experts. The deputy might know who those particular individuals were. I should just say, Mr. Chair—

**Mr. Hudak:** That's fine. I'm okay. Thank you. I'll move on.

**Hon. Mr. Caplan:** —that those four researchers came to four different conclusions.

**Mr. Hudak:** I'm fine. I was not pursuing Rosenthal in particular; I was pursuing Decima and its associations.

Do we know how much the OLG paid Decima for that survey?

**Hon. Mr. Caplan:** We can follow up.

**Mr. Hudak:** Yes, if we can get the information through you, Chair, on the cost of Decima.

**Hon. Mr. Caplan:** We'll follow up, Mr. Chair.

**Mr. Hudak:** Only three days later, on October 29, 2006, McGuinty political adviser Warren Kinsella, former McGuinty communications director Jim Warren—who was at the OLG at this point in time—former McGuinty chief of staff and current Liberal campaign chair Don Guy, and key McGuinty adviser Bob Lopinski gathered together to plot damage control from

The Fifth Estate story. The Toronto Sun reports that occurrence. Of course, Bob Lopinski is the most influential of those four, but they are all of some status within the Ontario Liberal party. Was the minister aware that this meeting was taking place?

**Hon. Mr. Caplan:** No.

**Mr. Hudak:** Nobody from the minister's office was involved?

**Hon. Mr. Caplan:** Nobody from the minister's office was involved.

**Mr. Hudak:** Were there any staff from the civil service involved in the October 29 meeting?

**Ms. Barretto:** No, there were no staff involved in that meeting.

**Mr. Hudak:** When did the minister first become aware of the October 29 meeting?

**Hon. Mr. Caplan:** Oh, jeez. It would be sometime well after—I don't want to hazard a guess. Certainly not even around the time—

**Mr. Hudak:** Did you find out about it through the media or were you told later on?

**Hon. Mr. Caplan:** I'm going from recollection. It would have been quite some time after.

**Mr. Hudak:** Who organized this meeting? Was it the OLG? Was it the Premier's office?

**Hon. Mr. Caplan:** My understanding is that this was a meeting organized by the Ontario Lottery and Gaming Corp. itself.

**Mr. Hudak:** By Mr. Gough or Mr. Brown?

**Hon. Mr. Caplan:** I can't say I know who and I certainly don't want to speculate. I don't believe it was through the board. I believe it was through the senior management of the OLG. But I don't really want to be in a position to speculate who organized the meeting because I certainly don't have any answers in that regard.

**Mr. Hudak:** You never asked Mr. Gough or Mr. Brown why this meeting would take place—

**Hon. Mr. Caplan:** I specifically asked Mr. Gough to get to the bottom of the matter and to invite KPMG to do the recommendation. That was the direction that I provided to him.

*Interjection.*

**Hon. Mr. Caplan:** We have an answer for you. Decima Research was paid \$5,000. It is in the Ombudsman's report, in paragraph 126. So we don't have follow that one up.

That was the direction I gave to Mr. Gough. KPMG has subsequently issued three phases of its report, complete with recommendations and a narrative analysis, and I think the Ombudsman comments on the work that they have done, has directed that their report be posted on the public website, which of course it is, and that we report on the implementation. I believe, between the Ombudsman's and KPMG's, 22—or are we up to—

**Ms. Layton:** It's 24.

**Hon. Mr. Caplan:** —24 of the recommendations have been implemented.

**Mr. Hudak:** So you asked Mr. Gough to get to the bottom of who called this meeting and the purpose of this particular—

**Hon. Mr. Caplan:** No, I wouldn't say that. It was to get to the bottom of the allegations that the CBC Fifth Estate program aired in October.

**Mr. Hudak:** Did you ever inquire of Mr. Gough and Mr. Brown specifically about the October 29 meeting—who called it and for what purpose—with the four heavy-hitters of the Ontario Liberal Party?

**Hon. Mr. Caplan:** No. I was not aware that the meeting even took place until well after the fact.

**Mr. Hudak:** You must have been angry that this meeting had taken place, that they were trying to defend the OLG as opposed to trying to get to the bottom of what had truly happened.

**Hon. Mr. Caplan:** I think the Ombudsman comments in the report that Ontario Lottery and Gaming tried to deal with the matters that The Fifth Estate program raised as, I think in his words, a public relations exercise, where my concern was to get to the substantive matters and allegations that were raised by the CBC Fifth Estate program. That was the reaction that I took directly to the chair of the OLG: To find out, first of all, what the information was, to do an analysis, to report back on and have any recommendations which would deal with the substantive matters that were raised.

**Mr. Hudak:** On April 11, 2006, an e-mail was sent to two senior officials and your communications director, Wilson Lee, by the Ontario Lottery and Gaming Corp., asking what information should be released to the CBC on their story on insider wins. Who were the two senior officials?

**Hon. Mr. Caplan:** The two senior officials? I don't have anything in front of me.

**Mr. Hudak:** Ms. Barretto, are you aware of this? This is the news story in the Globe and Mail on March 27, 2007—that Mr. Lee and two senior officials were copied via an e-mail about an FOI request on the OLG and insider wins.

**Ms. Layton:** The two officials were David McBride and a chap by the name of Jovan Matic.

**Mr. Hudak:** And their responsibilities are?

**Ms. Layton:** David is pretty well retired, but he was a manager in the agency and gaming division, and Jovan is in the communications branch.

**Mr. Hudak:** So it was in the civil service and in the minister's office. What was the nature of the e-mail? What information did it contain?

**Ms. Layton:** I don't know. We don't have the e-mail right in front of us at this moment.

**Mr. Hudak:** I wonder if we could request, Chair, this e-mail that has become quite infamous, as reported by the Globe and Mail on March 27, 2007, an April 11, 2006, e-mail to the two individuals mentioned and to Mr. Lee.

Minister, were you ever informed of this e-mail that the CBC was making inquiries about?

**Hon. Mr. Caplan:** No. I can tell you categorically that I've never been advised of any freedom of information requests that have been made of our ministry. It certainly wouldn't be appropriate. I know that as a former member of the executive council, you do under-

stand the protocols related to freedom of information, that there is a separate branch of ministries that deal with requests as they come in and what information is provided. I believe that even today the Information and Privacy Commissioner commented about response rates. Deputy, correct me if I'm wrong. In our first year—

**Ms. Layton:** We were at 96% last year and tracking for 100% this year.

**Hon. Mr. Caplan:** So 100% on FOI requests this year.

**Mr. Hudak:** Terrific. Did Mr. Lee inform you that there were some problems with insider wins?

**Hon. Mr. Caplan:** He did; on October 10, I believe.

**Mr. Hudak:** Not prior to that two-week period before The Fifth Estate show?

**Hon. Mr. Caplan:** As I said, on the Friday before the Thanksgiving weekend, he received a transcript, or the branch received a transcript, of The Fifth Estate interview with the OLG spokesperson, and it was on the Tuesday following the long weekend that he advised me that this was a significant issue.

1710

**Mr. Hudak:** To the assistant deputy minister: Did Mr. McBride or—I apologize—the other individual who was mentioned earlier notify yourself or anybody else about the contents of that e-mail or alert you to insider win problems at the OLG?

**Ms. Barretto:** At the time of the notification of the FOI request, it was specific to the case around Mr. Edmonds, and the information that was shared with us was specific to his case, the settlement and all those related issues. It wasn't specific to insider wins at all.

**Mr. Hudak:** So no general concern about insider win problems within the OLG?

**Ms. Barretto:** No, not at that point.

**Mr. Hudak:** What's Mike Sharland's current status at the OLG?

**Hon. Mr. Caplan:** I believe that Mr. Sharland—

**Ms. Layton:** He's on leave pending the outcome of the investigation into matters related to just the secondment of OPP officers into the agency.

**Mr. Hudak:** This is the OPP investigation?

**Ms. Layton:** Yes.

**Hon. Mr. Caplan:** I believe that Chief Fantino has referred this part of—

**Ms. Layton:** Assigned to the Toronto police force.

**Mr. Hudak:** So Mr. Sharland is on a paid leave of absence?

**Ms. Layton:** I'd have to double-check that, but I believe it is paid, yes.

**Hon. Mr. Caplan:** That's correct.

**Mr. Hudak:** Number 152 on page 41 of the Ombudsman's report notes that "the OLG's investigations department ... had to enlist the aid of a private firm, which has supplied 20 former police officers to assist with investigations at an estimated cost of \$20,000 a week."

At the time of the Ombudsman's report—at the bottom of 152—he notes, "The vice-president, corporate

security and surveillance, indicated that once the corporation is able to manage its complaint volume, it will reassess its investigative staffing needs.” Is that contract ongoing?

**Ms. Layton:** No idea.

**Hon. Mr. Caplan:** I have no way of knowing that.

**Ms. Layton:** I guess the only point I’d make is that many of the recommendations in the Ombudsman’s report relate to the recommendations around the insider wins investigation and an increased role for corporate surveillance. So with the interim CEO now at that organization, it’s in that context that they’re revisiting that whole role and ensuring that there are changes to the practices. So along with the KPMG investigations, the interim CEO, under her leadership, is looking at that whole practice. I can’t comment on that particular contract, but certainly I can speak to the fact that there was a recommendation related to the increased need for corporate surveillance to be involved in that side of things.

**Hon. Mr. Caplan:** But I believe that the OLG certainly understood my determination and the government’s determination that these matters be treated seriously and to get to the bottom of them. I believe they received, following the broadcast, a number of concerns and complaints, and in this section the Ombudsman does indicate that they took on additional investigative personnel. I understand that some of the matters of course have been referred to the OPP for their review and they’ll decide subsequently what next happens.

**Mr. Hudak:** The name of the firm that’s doing the security or had been doing the security?

**Ms. Layton:** We’d have to get the name.

**Hon. Mr. Caplan:** I don’t know.

**Ms. Layton:** We’ll have to get it.

**Hon. Mr. Caplan:** I’d have to follow up with you on that.

**Mr. Hudak:** If you could, please. I’d like to know the name of the firm and if it was a competitive bidding process for that firm or if it was sole-sourced.

**Hon. Mr. Caplan:** We’ll have to follow up with that.

**Mr. Hudak:** The lottery and gaming corporation tends to have competitive bids for projects.

**Hon. Mr. Caplan:** Is that a question or is that a comment?

**Mr. Hudak:** No, it’s a question.

**Hon. Mr. Caplan:** I believe they do follow the procurement policy of the Ontario government, although there are instances in the procurement policy that allow for sole sourcing.

**Ms. Layton:** Yes, that’s right. Through the board of directors as well, the agency certainly respects competitive procurement practices.

**Mr. Hudak:** So they would follow the same standards that a ministry—

**Ms. Layton:** As a ministry would.

**Hon. Mr. Caplan:** But of course there are instances, as you’re well aware, where you can’t have deviation from the competitive tendering process or sole sourcing,

but I believe the spirit is to have a competitive tendering environment.

**Mr. Hudak:** Minister, from our last set of questions, we know you’re following this issue too, which I appreciate. Fort Erie Race Track and Slots has experienced a significant decline in its slot revenue, its customer base. By way of example, the Fort Erie net win per machine in 2002 was \$390, and projected for 2007, it has plummeted to \$125. Put another way, in 2002 the share in the purse accounts for the horsemen was \$17 million in the Fort Erie racetrack. It’s down around \$5 million projected for 2007. There is concern that if this trend continues, the Fort Erie Race Track could no longer operate. Is the minister willing to look at some innovative options to ensure the future success of the Fort Erie Race Track?

**The Vice-Chair:** A couple of minutes for this question.

**Hon. Mr. Caplan:** Sure. Well, I can tell you—and I apologize, you’ll remind me who the new mayor of Fort Erie is?

**Mr. Hudak:** Doug Martin.

**Hon. Mr. Caplan:** He came to meet with me with some of his officials just about two or three weeks ago, related to the future of Fort Erie. I believe there is a new owner or somebody who they’ve identified who’s willing to invest in the Fort Erie facility. We expressed at that time an interest and a willingness to talk to them about their proposals, to understand them far better, and to see if there was mutual interest in moving ahead. I first need to understand what the proposal is and how the province can participate to make sure and ensure the viability of the Fort Erie Race Track.

**Mr. Hudak:** Is Fort Erie the worst hit of the race-tracks? I know in border areas particularly, they’ve been hard hit.

**Hon. Mr. Caplan:** We’d have to track that down. I think you make a good point: The border communities have been under significant pressure due to dollar valuation, due to competition across the border. Certainly, that is something that has been flagged. I do know that in the OLG corporate plan, for example, they did identify the border communities—in particular, I believe, Ottawa, Fort Erie and Windsor—for particular attention and mitigation strategies.

**The Vice-Chair:** Okay, that’s pretty well it, Mr. Hudak.

**Mr. Hudak:** Thank you.

**The Vice-Chair:** Now we go with 20 minutes—

**Hon. Mr. Caplan:** Mr. Chair, with your indulgence, if I could just have one more opportunity to be a little bit more comfortable, that would be greatly appreciated.

**The Vice-Chair:** Okay. Well, we’re not going to have a lot of time at the very end, then. We’ll have 20 minutes for the governing party when the Liberals come back. We’ll give you five minutes.

**Hon. Mr. Caplan:** So a brief recess?

**The Vice-Chair:** A brief recess, yes

**Hon. Mr. Caplan:** Thank you, Mr. Chair.

*The committee recessed from 1717 to 1730.*

**Hon. Mr. Caplan:** I really apologize. You've helped me greatly, so thank you so much for your indulgence.

**The Vice-Chair:** I'm going to give the government 10 minutes now, and the other two parties will only have a couple of minutes each to clean up. Okay?

**Mrs. Mitchell:** So our time allocation would be the 20 minutes, right? We want to have the full time.

**The Vice-Chair:** You're going to have 10 minutes now. I've given the minister 20 minutes already today. He's had 20 minutes in recess period today alone.

**Mrs. Mitchell:** But the agreed-upon time was 20 minutes for each party.

**The Vice-Chair:** Okay, then, we'll finish the time tomorrow.

**Mrs. Mitchell:** Okay.

**Hon. Mr. Caplan:** That's fine. I apologize. It's entirely—it got a little bit beyond my control.

**The Vice-Chair:** So you can have your 20 minutes and we'll go to the vote and then he'll come back tomorrow to finish the time. Okay?

**Hon. Mr. Caplan:** That's fine. Thank you, Mr. Chair.

**Mrs. Mitchell:** And I do want to thank you sincerely.

My question to the minister is that, and rightly so, Member Tabuns raised some questions about the gap in infrastructure dollars. But I wanted to give you, Minister, the opportunity to speak to what you feel are the contributing factors to the infrastructure gap. As we know, in the past, with previous governments, the commitment to infrastructure just wasn't there. So I wanted to give you the opportunity. What do you see as contributing factors to the gap in infrastructure?

**Hon. Mr. Caplan:** Well, I think there are a lot of contributing factors, and I thank you for the question, Mrs. Mitchell. I don't think this is simply a shot at the last government or the one before that. I think successive governments at different levels—federal, provincial and municipal—have all squeezed out capital investment. We've had significant operating pressures or budgetary pressures or difficult financial times, and it has been infrastructure and maintenance which have taken the first hit when it comes to setting the various budgets federally, provincially and municipally. It really was in about the period of 1993, when Prime Minister Chrétien came to office, that first infrastructure program was identified at that time to remediate some of the past underinvestment.

There is no doubt that there's a lot of work. When I first had the opportunity, at the formation of the Ministry of Public Infrastructure Renewal sometime in October 2003, we developed a question: How big is this infrastructure deficit? The projection then was somewhere in excess of \$100 billion. That runs the gamut of health care and education, certainly water and roads and bridges, and many, many other areas. I've come to believe that that figure is quite low, that we face many years not only of past neglect of the investments that our parents and grandparents quite wisely made, not keeping them in a good state of repair, but also some of the significant growth pressures which we've seen and we project we'll

continue to see over the quarter century and well into the future.

So we have twofold pressure. One is the state of our current infrastructure. I look at some of the investments that we've made in the hospital sector, for example. I believe we've been able to get over 100 hospital projects moving along using AFP as one of our methods but also through direct investment, whether that's the health infrastructure renewal fund or many others that we are bringing to bear. There is the Good Places to Learn initiative: \$4 billion for elementary and secondary capital. But I would certainly acknowledge that our ReNew plan, which is more than \$30 billion, is just a first giant leap forward. There is still much more work to do to remediate past problems and also to meet future challenges, which we know are going to come.

**Mrs. Mitchell:** Thank you, Minister.

My next question: I want to talk specifically about how you envision the Clean Water Act to be a part of the total picture of how water is provided to the citizens of Ontario. You know that I represent a number of rural municipalities. When I think about the municipality that is right beside my riding—Walkerton—Walkerton changed the face of how we perceive water, and rightly so. In rural communities, we not only have a struggle from lack of attention from previous governments, but we look at how we are going to go forward.

We understand in rural communities that water is such an important component of our daily lives, but we also understand how the water systems work. So what I wanted you to expand on further was, how do you see the Clean Water Act being a part of the total provision of ensuring that not only is our water safe, clean and affordable, but that it also is such an important component of infrastructure?

**Hon. Mr. Caplan:** Mrs. Mitchell is quite correct that water at its source must be protected and have the system from source to tap. Of course, we do many things between, where we purify and distribute, take away waste water and treat before discharge. It is a fundamental belief of Justice O'Connor.

In 2000, we had the tragic situation of Walkerton, where I believe seven people died and thousands grew sick because their source of water had been contaminated. Justice O'Connor wrote an exhaustive report into the circumstances which led to the tragedy in the community right beside your own. Justice O'Connor came up with several recommendations, and chief amongst them was that source protection was critical for the government to move forward.

I'm really struck that when my colleague Minister Broten, the Minister of the Environment, brought forward the Clean Water Act, the official opposition voted totally against the measures that Justice O'Connor indicated needed to be put in place. But I was even more distressed to learn that—

**Mr. David Zimmer (Willowdale):** Shocking.

**Hon. Mr. Caplan:** Well, there's a bit of history here. Back in 1990, New Democrats promised that they would

pass the Safe Drinking Water Act—of course, they were the government between 1990 and 1995—and they never did so. I was quite surprised when the Clean Water Act came forward that, indeed, New Democrats also voted against it. I find it somewhat shocking that all members of the Legislature could not come together in what is the aftermath of a terrible tragedy, following the recommendations that Justice O'Connor brought forward, and support this much-needed source protection.

Further to your question, all Ontarians should by now understand that certainly under the leadership of Premier McGuinty, under the fine work of our colleague Minister Broten, that work has begun. The legislation is in place, the investments slowly are being made, the mapping of the wellheads is being done, and we will take seriously our responsibilities to protect the public health and safety of Ontarians and the water they drink.

**Mrs. Mitchell:** Then I can tell you, Minister, from my riding of Huron–Bruce, we expect that any government that does not support the Clean Water Act is not acting in a responsible manner. I would just like to further compound on that. One of the first things that happened shortly after the election was that I had the opportunity to meet with a number of the residents from Walkerton. I can tell you that if anyone had sat in that meeting, they would not have voted in the manner that they did.

With that being said, one of the other comments that was made by the member from Leeds–Grenville in previous discussions through estimates was that he questioned a commitment by the ORC and the McGuinty government when the ORC began the negotiations in their communities, and he asked specific questions. I clearly want to get on the record the commitment that ORC made in the riding of Huron–Bruce and, specifically, that's to talk about Huron Park, Minister. I will lead into my question, but I did want to make this statement first.

**Hon. Mr. Caplan:** Please.

**Mrs. Mitchell:** I wanted to say that the commitment that was made by the McGuinty government secured 600 jobs in my riding. Since the lessees of the properties have had the opportunity to purchase that land, there have been three new lines added to the factories, we have over \$2 million in investments by the individual business community, we have a new housing development that started and we have 180 new jobs.

This comes from a community that has known nothing but negligence by previous governments, and there have been a number between federal and provincial; it has been a decade. I do feel it's important to reinforce that not only are we listening, we're acting. The commitment by the ORC to understand in a rural community how difficult it can be for reinvestment to happen if there is not a secure future for that business community—it simply does not happen. It had been a decade of negotiations.

So, Minister, I do want to thank you for the work on that. But I also wanted to give you the opportunity to speak to that, because the member from Leeds–Grenville was quite firm in some of the statements that he made

and, I felt, inappropriately so. Minister, would you like to have the opportunity to speak to the ORC's commitment to the community?

**1740**

**Hon. Mr. Caplan:** I thank you for the question because I disagree with the member from Leeds–Grenville and his comments related to the Ontario Realty Corp.

You talked about Huron Park. For the interest of the committee members, Huron Park was a property, originally under federal government jurisdiction but later transferred to the province, containing both an industrial area and a residential community. The first step that we embarked upon—and I have to tell you, Mrs. Mitchell has been a tireless advocate in securing the property for not only the residents, but also for business expansion in the area—was to sever the industrial from the residential. We sold to the former lessees, and I believe all of them purchased their properties with the understanding that they were going to keep the businesses in place in the community and that they were also going to look to expand, and in fact many have done so and it has been a tremendous success story.

The Ontario Realty Corporation has also worked with members from all parties. I know that they worked with your colleague from Haliburton–Victoria–Brock, Mr. Chair, with regard to the Frost centre. When there was a determination for a change in the profile of the Frost centre, two things happened. One was that our colleague Minister Phillips, formerly in charge of the ORC but currently the Minister of Government Services, put together the Frost centre working group to determine what the future of the property would be, and the ORC managed that with folks from the community called the Friends of the Frost Centre. I know we worked quite closely with Laurie Scott and Jeff Leal and Lou Rinaldi—I see that Mr. Rinaldi is here as well—in not only advocating for its use but also to make sure that the public would have access to this wonderful spot. In addition to that, the town of Algonquin Highlands had indicated that they wanted access to the watercourse. There was a slip for launching boats and for tying up boats. So the ORC expedited a severance of that property and transferred it to the local municipality so that they could have access to the water and then engaged in a public tender, and I believe, if it hasn't done so already—the Frost centre is up and running again. We have a wonderful story of revitalization, of new opportunity and public access to a wonderful resort.

The ORC has other wonderful successes, as well. Part of their original mandate was to provide some of the key lands for park dedication, and I've had the opportunity, in the last very short while—some one dozen properties, from as far south as the riding of Essex, all the way through the breadth of the province of Ontario—adding to the Eramosa Karst, adding to the Bruce Trail, adding to the Rouge Park and creating Bob Hunter Memorial Park. The Ontario Realty Corp. has played a key and significant role, working with local communities,

working with local advocates and naturalists, working with local members, in being able to secure these as public spaces for the enjoyment of all Ontarians.

So while I'd never want to claim that all of the work is done, I would say that the Ontario Realty Corp. has a recent track record of success in engaging local communities and creating the kinds of partnership—whether it's with business and industry or with residents or with naturalists.

"Five years ago, the ORC was parcelling up and swapping land to abet development. 'Today, the ORC is an instrument for creating parkland, which is what it always should have been.'

"'There's nothing else like it in North America—to have cold-water fisheries in an urbanized area, with forest and park on this scale, and with this biodiversity, protected in perpetuity.'"

That's a quote from environmental lawyer David Donnelly, a central figure in the eastern greenbelt conflicts and conversations. That was a comment in the *Globe and Mail* in February of this year related to Rouge Park.

So I'm very pleased that the Ontario Realty Corp. is fulfilling that mandate, and thank you very much for raising it here today in committee.

**Mrs. Mitchell:** I just want to reinforce too that sometimes the easier path is just to sell and to divest yourself of your assets, and I know that that has been how it has been dealt with in the past. But we can certainly see, by all these examples, the difference that we can make in communities by strengthening the communities, by understanding what they need to move forward—and that's when you talk about your growth plan.

One of the things that I've had the opportunity to do is to get out and talk to my constituents, and what they want to know is what we are doing on climate change. Their concerns are related to the environment. They are very concerned about how we will go forward. I know that this is something that PIR has been involved with, and I wanted to give you the opportunity, Minister, to explain to the committee members, because I know they're anxious to hear, what you have done within your ministry to address climate change.

**Hon. Mr. Caplan:** It has been substantial. I note that the deputy has been sitting here very patiently, so I'm going to give her an opportunity to share some of the milestones that PIR has achieved on the climate change file.

**Ms. Layton:** First, you did mention the growth plan, and I think that that alone, given the fact that we're almost going to double in size over the next 25 years, is critical, in terms of ensuring compact, transit-supportive, livable, walkable communities.

But there are an awful lot of other things that we're doing in terms of getting cars off the road and therefore

having an impact on greenhouse gas emissions; for example, with the Move Ontario investments that were made in the 2006 budget—certainly the subway into York region, into the Vaughan centre; the Brampton AcceleRide; the investments that we're making in the Mississauga Transitway; as well as the investments more subsequently announced with Viva and the Waterloo LRT. It goes on and on. In fact, over the 2006-07 year alone, it's over \$3 billion in investments in transit. It will be huge in terms of taking cars off the road.

It's also good to note that in the ReNew Ontario plan, there are over \$1 billion in investments in GO Transit expansion. One really interesting metric is that one 10-car GO train carries the same number of people as 1,400 cars—cars that, of course, if they're not hybrids, are producing emissions into our air—and that one GO bus can replace more than 50 cars. So that's a significant accomplishment, and obviously that commitment is critical.

We are also making a lot of other investments; for example, through the ORC with things like—we're very proud of the deep lake water cooling that we have here that's going to cool this building and provide a much more efficient source of supply, as opposed to using electricity at a critical point. So that's another great example of the investments that we are making.

Even Bullfrog Power that you see in the Ministry of the Environment—it's a symbolic gesture, but that is another key example of how we're going to be investing in our climate change policies.

I think we can certainly appreciate that there's going to be more happening. Our different lead projects are more than just environmentally friendly; because they, too, are going to support growth plan principles around location and around the district energy types of supplies of energy, I think you'll see also great accomplishments there in terms of more sustainable communities as well as fewer emissions into the environment.

**Hon. Mr. Caplan:** In fact, Infrastructure Ontario has joined the Canada Green Building Council. We certainly want to be at the forefront. I look at the Durham courthouse—

*Interruption.*

**Hon. Mr. Caplan:** Does that mean my time is up?

**The Vice-Chair:** Yes.

**Mr. Hudak:** Is it a 10-minute bell?

**Hon. Mr. Caplan:** I believe so. We'll come back.

**The Vice-Chair:** We'll be back tomorrow for the remaining 24 minutes. I thank everyone for their attention.

**Hon. Mr. Caplan:** Mr. Chair, thank you so much. I truly appreciate your indulgence.

**The Vice-Chair:** You're welcome.

We'll adjourn until tomorrow at 3:30.

*The committee adjourned at 1750.*

## CONTENTS

Tuesday 29 May 2007

<b>Ministry of Public Infrastructure Renewal</b> .....	E-971
Hon. David Caplan, minister	
Mr. Brad Graham, assistant deputy minister, Ontario Growth Secretariat	
Mr. Bill Hughes, acting assistant deputy minister, infrastructure policy and planning	
Ms. Carol Layton, deputy minister	
Ms. Joyce Barretto, assistant deputy minister, agencies division	

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